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SENSITIVE  
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GENEVA FOR FALATKO, USDA FOR DOUVELIS

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SUBJECT: REFORMING THE FAO: THE ROLE FOR THE ROME CHAPTER OF THE  
GENEVA GROUP

REF: HEGADORN-FALATKO EMAILS

11. (U) This message is sensitive but unclassified. Not for  
distribution outside U.S. Government channels.

Summary

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12. (SBU) On January 14, the Mission co-hosted with UK counterparts a well-attended meeting of the Rome Chapter of the Geneva Group, and discussed ways to strengthen the group to push forward reforms at FAO and other Rome based UN agencies. The Group agreed to become more proactive and may form smaller working groups on specific items of interest - such as Human Resource reform. Mission circulated for consideration a draft letter from the Geneva Group Co-Chairs to the incoming Inspector General of FAO, set to begin working on February 7, to identify areas of concern on the oversight functions in FAO (septel report on UNTAI provides more details). The letter sparked a lively discussion on joint letters from the Group, as a tool for more proactive collaboration among members in Rome. End summary.

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Human Resources Reform

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12. (SBU) Co-hosted by the Mission DCM and the U.K. Permanent Representative, representatives from all Geneva Group members (minus Russia and South Korea) discussed priorities for FAO reform, particularly in human resources management and oversight functions. Noting that 70-80 percent of the UN specialized agency budgets are spent on personnel-related costs, the group discussed ideas on reducing staff costs and inspiring a more motivated/ effective staff. The Mission suggestion that the Group address gender inequality at FAO, where females are significantly underrepresented at the professional level, was enthusiastically endorsed by all other participants. Members also discussed concerns about the level of salary increases recommended by the International Civil Service Commission, the large number of anticipated director level retirees at FAO, and

limited employment opportunities for spouses of FAO employees. The group agreed to seek more employment statistics from FAO's Director of Human Resources and bring these issues to FAO's Finance Committee, and to FAO's incoming Deputy Director General for Operations He Changchui. The group agreed to recommend to the three Rome-based UN agencies that they coordinate together and with host-country Italy regarding spousal employment for international staff of the UN.

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Concerns with International Civil Service Commission (ICSC)  
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¶3. (SBU) The Canadian Deputy Permanent Representative focused on the problems that ICSC "create throughout the UN system," primarily related to salary increase recommendations. The Canadian Representative further reported that his conversations with Ottawa on the ICSC topic had been well-received and may have convinced Canada to focus on ICSC in the coming year. The representative from the Netherlands agreed that ICSC-related salary costs were a problem and indicated he would raise the issue with his capital as well. The Mexican representative suggested that Geneva Group Rome invite ICSC members to brief the Geneva Group when any of its members visit Rome.

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Joint Letter to the Incoming FAO Inspector General  
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¶4. (SBU) On February 7, FAO's new Inspector General Ian Fitzsimmons is expected to commence work. Members expressed concern that Fitzsimmons will need help to penetrate FAO's bureaucracy. To assist him, USUN Mission proposed a joint Geneva Group welcome letter (text in paragraph six) detailing potential areas for focus: risks of FAO decentralization, disclosure of FAO Audit and Oversight Reports to members, cooperation with the new FAO Ethics Officer, and improvements to the Audit Committee. While all Geneva Group members agreed on the importance of engaging the new Inspector General, Germany, France, and Sweden raised concerns over whether their capitals would support a joint letter from the Geneva Group. All Geneva Group members promised to review the letter and, at a minimum, jointly raise these issues with Fitzsimmons during a welcome reception to be hosted by the Australian Ambassador.

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Geneva Group Next Steps  
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¶5. (SBU) The Geneva Group agreed to become more proactive and may form smaller working groups on specific items of interest - such as Human Resource reform. Going forward, the Group co-chairs will propose a significant increase in the number of meetings: approximately six per year. The Group agreed that more frequent meetings would provide the opportunity for members to share thoughts and possibly coordinate joint approaches both

before and after FAO Finance and Program Committee meetings. The Group will also continue to provide input into the April Geneva Group CLM meeting and September Geneva Group meeting on the margins of the UNGA.

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Text of Draft Letter to New FAO Inspector General  
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16. (U) Begin Text of Draft Letter:

Dear Inspector General Fitzsimmons:

On behalf of the entire membership of the Rome-based chapter of the Geneva Group, we wish to congratulate you upon your selection as incoming Inspector General of the Food and Agriculture Organization, and welcome you to your new home in Rome. We very much look forward to working with you and your staff, and to supporting you as you carry out the many responsibilities incumbent in this key position.

With the ongoing reorganization of FAO senior management, including creation of an Ethics Office and Ombudsman, it would appear that all the components of an effective oversight function are in place. We will look to you and other senior managers to ensure these oversight components work in harmony to ensure an organization with high ethical and managerial standards. In addition, we wish to draw your attention to several important areas where work is needed, consistent with the Immediate Plan of Action (IPA) and recommendations of FAO's Internal/External Audit Committees and the Chief Executives Board for Coordination (CEB).

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To begin, proper risk management must remain a top priority of your office and the entire FAO organization, consistent with IPA conclusions and earlier discussions in FAO's governing bodies. We trust that you and your staff will continue to focus on effective enterprise risk management, not only in your biennial audit plan, but throughout the organization. Specifically, we hope your office adequately addresses the risks of decentralization in the coming biennium. The 2008 Audit Committee annual report was explicit on this point, identifying as "high risk" the state of internal controls over decentralized activities, and the regional office structure, generally. In 2008, the OIG concluded that over half of FAO country offices reviewed had not adequately implemented FAO's prescribed policies and procedures. The report further indicated "significant weaknesses in key components required for an effective system of internal control." The report noted that these weaknesses "ultimately threaten the health of the organization, as they considerably weaken the capacity of FAO country offices to manage their operations well, support the delivery of FAO accountability obligations, guarantee that activities remain within the boundaries established by FAO's regulatory framework, and safeguard the resources and assets entrusted to its care." In light of plans to further decentralize authorities to FAO field offices, we trust that you will place the proper attention on ensuring proper safeguards are expeditiously put in place.

We also encourage you and your office, as a matter of policy, to ensure maximum transparency and accountability in all its work. One such manifestation of such openness would be with respect to disclosing to Member states audit and oversight reports. In this regard, we call to your attention a recommendation of the CEB in October of 2007 (CEB/2007/2; III. Management Issues, Section B) to make such reports available to Members. We look forward to FAO correcting this anomaly.

We welcome the establishment of a new FAO Ethics Office, and encourage you and your office to do all it can during its infancy to ensure its success. We recognize, however, that the resources afforded this office are quite limited, given its stated scope of work. Not only must this office formulate an organization-wide ethics program, but it also must institute from the ground up a financial disclosure program for P5 and senior staff, those with procurement responsibilities, and their dependent family members. Formal review of these disclosure forms will be labor intensive, and may require assistance from other parts of FAO, including OIG, for follow-up of reports where problems/concerns are revealed.

Another area where additional OIG attention is warranted is in the area of staff "whistle-blower" protections, beyond those encapsulated in the OIG Charter and on-line documentation. Such protections, to be truly effective, need to be explicit and widely known within the organization. We believe FAO can do more to strengthen and publicize among staff an explicit whistle-blower protection program consistent with efforts in the UN Secretariat and other UN funds and programs.

We are also concerned, in broad terms, with the present efficacy of the Audit Committee, comprised of five external members - three of whom are effectively no longer able to perform their duties. We encourage you to propose how this committee might be structured to ensure more relevance to the work of the organization. One possibility might be that the Committee be comprised of both internal and external members, or that external members be resident in Rome.

In closing, we look forward to hearing from you on the expected finalization and publishing of FAO's draft "Integrity Roadmap" which we understand is currently under senior management review. We believe such a roadmap could be a useful tool to improve

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oversight of this institution. Again, we welcome your arrival and look forward to a fruitful working relationship.

Sincerely, Co-Chairs of The Geneva Group, Rome Chapter  
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